

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

-----X
NICE SYSTEMS, INC., and :
NICE SYSTEMS LTD., :
Plaintiffs, : Civil Action No. 06-311-JJF
v. :
WITNESS SYSTEMS, INC., :
Defendant. :
-----X

**PLAINTIFFS NICE SYSTEMS, INC AND NICE SYSTEMS LTD.'S
REPLY TO WITNESS SYSTEMS, INC.'S FIRST AMENDED
ANSWER, DEFENSES AND COUNTERCLAIMS**

Pursuant to Rules 7 and 12 of the Federal Rules of Civil Procedure, plaintiffs NICE Systems, Inc. and NICE Systems, Ltd. (collectively "NICE"), reply to defendant Witness Systems, Inc.'s First Amended Answer, Defenses and Counterclaims as follows and further incorporate by reference the allegations and prayer for relief in NICE's complaint in this action. The paragraph numbers used here conform to those used by Witness in its counterclaims.

REPLY TO COUNTERCLAIMS

GENERAL ALLEGATIONS AND PARTIES

105. Upon information and belief, NICE admits the allegations in paragraph 105.

106. NICE admits that NICE Systems, Inc. is a Delaware corporation with a principal place of business at 301 Route 17 North 10th Floor, Rutherford, New Jersey, 07070. NICE further admits that NICE Systems, Inc. is a wholly owned subsidiary of NICE Systems, Ltd., an Israeli corporation.

107. NICE Systems Ltd. admits that it is an Israeli corporation with a principal place of business at 8 Hapnina Street, P.O. Box 690, 43107 Ra'anana, Israel.

108. NICE admits that jurisdiction and venue are proper.

109. NICE admits the allegations set forth in paragraph 109.

**COUNT I - DECLARATORY JUDGMENT OF
NONINFRINGEMENT OF THE '738, '371, '005, '570, '345,
'372, '370, '920, '079 AND/OR '109 PATENTS**

110. NICE repeats and realleges its responses set forth in paragraphs 105-109.

111. NICE denies the claims asserted in paragraph 111.

112. NICE denies the allegations set forth in paragraph 112.

**COUNT II - DECLARATORY JUDGMENT OF
INVALIDITY OF THE '738, '371, '005, '570, '345,
'372, '370, '920, '079 AND/OR '109 PATENTS**

113. NICE repeats and realleges its responses set forth in paragraphs 105-109.

114. NICE denies the allegations set forth in paragraph 114.

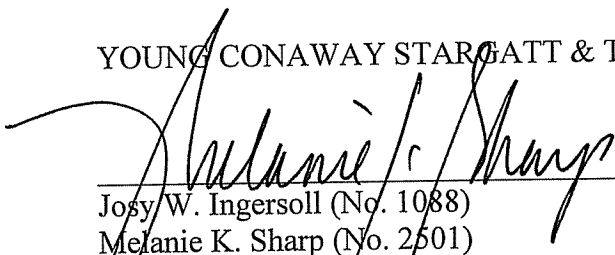
115. NICE denies the allegations set forth in paragraph 115.

PRAYER FOR RELIEF

WHEREFORE, NICE prays that the Court enter an order denying Witness's prayer for relief and enter an order granting the relief sought by NICE's Complaint in this action.

Dated: February 21, 2007

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CERTIFICATE OF SERVICE

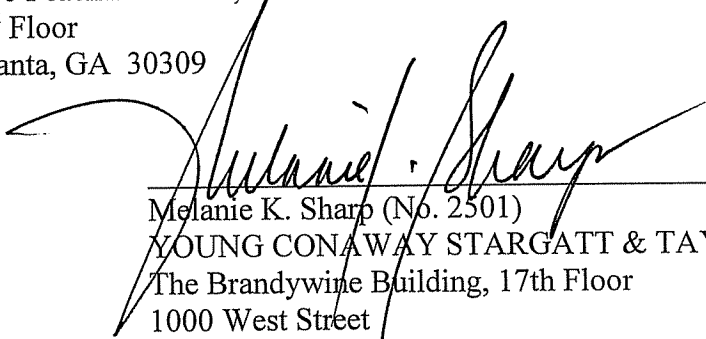
I, Melanie K. Sharp, Esquire, hereby certify that on February 21, 2007, I caused to be electronically filed a true and correct copy of the foregoing document, Plaintiffs' Nice Systems, Inc. and Nice Systems LTD.'s Reply to Witness Systems First Amended Answer, Defenses and Counterclaims with the Clerk of the Court using CM/ECF, which will send notification that such filing is available for viewing and downloading to the following counsel of record:

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I further certify that on February 21, 2007, I caused a copy of the foregoing document to be served by hand delivery on the above-listed counsel of record and on the following non-registered participants in the manner indicated:

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